

## Message Text

UNCLASSIFIED

PAGE 01 LONDON 05565 01 OF 02 042344Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
FRB-01 INR-07 NSAE-00 SP-02 STR-04 TRSE-00 LAB-04  
SIL-01 OMB-01 ITC-01 AGRE-00 /048 W  
-----050623Z 059183 /12

R 041706Z APR 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 2324

UNCLAS SECTION 01 OF 02 LONDON 5565

PASS AGRICULTURE

E.O.11652: N/A  
TAGS: EAGR. UK, EC  
SUBJECT: UK AGRICULTURE MINISTER REPORTS ON ABORTIVE  
OUTCOME OF MARCH 26-29 EC FARM PRICE MEETING

FOLLOWING REPEATED FOR YOU R INFO  
QUOTE LONDON 5343

R 311618Z MAR 77  
FM AMEMBASSY LONDON  
TO RUEVDFL/USDA/FAS WASHDC  
INFO RUFHOL/AMEMBASSY BONN 2466

RUFHBS/AMEMBASSY BRUSSELS 2473  
RUDKPNQ/AMEMBASSY COPENHAGEN 6201  
RUFHDB/AMEMBASSY DUBLIN 5426  
RUDKGPQ/AMEMBASSY THE HAGUE 8320  
RUFHBG/AMEMBASSY LUXEMBOURG 5707  
RUFNPS/AMEMBASSY PARIS 9316  
RUFHOM/AMEMBASSY ROME 0567  
RUFHBS/USMISSION EC BRUSSELS 5450  
RUFNPS/USMISSION OECD PARIS 4274  
RUFHGVV/USDEL MTN GENEVA 0692  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 05565 01 OF 02 042344Z

UNCLAS SECTION 01 OF 02 LONDON 05343

PASS AGRICULTURE

E.O. 11652: N/A  
TAGS: EAGR UK EC  
SUBJECT: UK AGRICULTURE MINISTER REPORTS ON ABORTIVE

OUTCOME OF MARCH 26-29 EC FARM PRICE MEETING

BEGIN SUMMARY: UK AGRICULTURE MINISTER SILKIN REPORTED TO HOUSE OF COMMONS ON MARCH 30 ON MARCH 26-29 EC FARM PRICE MEETING AND EXPLAINED WHY HMG REJECTED PROPOSED PACKAGE. HMG CONTINUES TO LAY STRESS ON ITS BELIEF REMAINDER EC DOES NOT PAY SUFFICIENT REGARD TO AVOIDING SURPLUS PRODUCTION. FURTHERMORE, HMG REMAINS OPPOSED TO INFLATIONARY ASPECTS OF FARM PRICE PACKAGE WHICH UK PROPOSED BUTTER SUBSIDY WOULD COUNTERACT. UK MEDIA COVERAGE OF OUTCOME MARCH MEETINGS MUCH OVERSHADOWED BY MARCH 29 BUDGET. END SUMMARY.

1. UK AGRICULTURE MINISTER JOHN SILKIN TOLD HOUSE OF COMMONS ON MARCH 30 WHY HMG HAD REJECTED PACKAGE OF FARM PRICE PROPOSALS AT 5-DAY AGRICULTURE MINISTERS' MEETINGS IN BRUSSELS WHICH ENDED INCONCLUSIVELY ON MARCH 29. SILKIN SAID FINAL PACKAGE DID NOT OFFER SUFFICIENT ADVANTAGES TO UK AND "WE WERE THEREFORE NOT PREPARED TO ACCEPT IT." PACKAGE AS A WHOLE WAS UNACCEPTABLE FOR SIMPLE REASON THAT WHAT WAS BEING OFFERED TO THE UK, WHICH ALONE AMONG THE NINE HAS INTEREST IN RESERVING PRICES AT THE LOWEST REASONABLE LEVEL BOTH FOR PRODUCERS AND CONSUMERS, WAS TOTALLY OUT OF PROPORTION TO THE PRICE THAT WOULD HAVE TO BE PAID.
2. ON BUTTER, SILKIN SAID FINAL OFFER AMOUNTING TO AVERAGE OVER THE YEAR OF 7 PENCE PER LB. WAS NOT A VERY GOOD DEAL FOR THE UK.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 05565 01 OF 02 042344Z

3. SHADOW SPOKESMAN ON AGRICULTURE ASKED WHAT WOULD MINISTER BE PREPARED TO ACCEPT. OPPOSITION COULD NOT SEE WHO HAS GAINED ANYTHING FROM THE PROLONGED AND BITTER ARGUMENT. FAILURE TO DO ANYTHING ON GREEN POUND AND MCA'S WILL BE PARTICULARLY DISTRESSING TO PIG PRODUCERS WHILE DEVALUATION OF THE IRISH GREEN POUND WILL HIT THE BRITISH BEEF INDUSTRY. SILKIN ACKNOWLEDGED HE RECOGNISES DIFFICULTIES FOR BEEF PRODUCERS AND SAID THAT BEEF PREMIUM PAYMENTS SYSTEM AND EMERGENCY PIG SUBSIDY WILL BE MAINTAINED.

4. OTHER CONSERVATIVE MEMBERS ATTACKED SILKIN'S STAND CLAIMING HE WAS SACRIFICING BRITISH FARMERS FOR THE CONSUMER AS WELL AS DESTROYING UK CREDIBILITY IN EUROPE. LABOUR MEMBERS, MAINLY LEFT-WING BUT ALSO DOUGLAS JAY, HEARTILY CONGRATULATED MINISTER ON HIS STAND. JAY SAID "HE WILL BOTH DESERVE AND RECEIVE THE OVERWHELMING SUPPORT OF THE BRITISH PUBLIC IF HE CONTINUES TO RESIST UNCOMPROMISINGLY THE CRAZY POLICIES OF THIS RIDICULOUS

ORGANISATION."

5. ON PREVIOUS DAY ON HIS RETURN FROM BRUSSELS, SILKIN SAID "WHY SHOULD I GO OUT OF MY WAY TO PENALISE THE BRITISH HOUSEWIFE?"

6. REACTION FROM THE NFU IS ARQRY. NFU ORESIDENT SAID "ALL HOPE FOR EXPARSIOR BECOMES RORSERSE WHILE PROCRASTINATION AND DELAY HIT CONSUMERS AS WELL AS FARMERS. IT IS ABSOLUTELY SCANDALOUS THAT THE GAP BETWEEN IRISH AND BRITISH GREEN POUNDS, ALREADY A RUNRING SORE FOR BEEF PRODUCERS. SHOULD HAVE BEEN AGGRAVATED BY A FURTHER DEVALUATION IN THE IRISH GREEN POUND WHICH WILL RAISE THEIR SUBSIDY ON BEEF EXPORTS TO US FROM 9.6 PENCE TO ABOUT 13 PENCE A LB." NFU PRESIDENT ALSO ATTACKED DELAY ON FIXING NEW MILK PRICE WHICH HE SAID ACCORDS ILL WITH GOVERNMENT'S EMPHASIS ON UNCLASSIFIED

UNCLASSIFIED

PAGE 04 LONDON 05565 01 OF 02 042344Z

EXPANSION OF HOME-PRODUCTION.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 05565 02 OF 02 042001Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
FRB-01 INR-07 NSAE-00 SP-02 STR-04 TRSE-00 LAB-04  
SIL-01 OMB-01 ITC-01 AGRE-00 /048 W  
-----042239Z 056369 /21

R 041706Z APR 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 2347

UNCLAS SECTION 2 OF 2 LONDON 5565

COMMENT:

7. OUTCOME OF TALKS WAS OVERSHADOWED IN UK BY

CHANCELLOR'S MARCH 29 BUDGET STATEMENT IN WHICH NEED TO REDUCE INFLATION WAS RAPIDLY STRESSED. REPORTS THAT PRIME MINISTER PERSONALLY INTERVENED TO TELL SILKIN TO TURN DOWN PRICE PACKAGE HAVE BEEN DENIED BUT UK REJECTION OF PROPOSALS MUST BE LOOKED AT IN CONTEXT OF BUDGET AIMS WHICH INCLUDE TAX RELIEF CARROT IN RETURN FOR THIRD PHASE OF PAY RESTRAINT. SILKIN CLAIMS 3 PERCENT INCREASE IN FOOD PRICE INDEX WOULD HAVE RESULTED FROM ACCEPTANCE OF EC PACKAGE.

8. HMG AND ALSO SOME PRESS COMMENT CLAIM THAT OTHER EC COUNTRIES DID NOT SUFFICIENTLY APPRECIATE EXTREMELY BAD IMAGE WHICH CAP HAS ERGENDERED IN UK OVER BUTTER QUESTION. THE ESTIMATED 40 PENCE PER LB. SUBSIDY ON BUTTER EXPORTS TO SOVIET /UNION IS BEING PROMINENTLY CONTRASTED WITH 20 PENCE PER LB. SUBSIDY FOR UK WHICH SILKIN ASKED FOR. TIMES EDITORIAL OF MARCH 31 SAYS "IT IS ALSO PROBABLY RIGHT, ON BALANCE, TO FEEL THAT THE PACKAGE DOES NOT GO QUITE FAR ENOUGH TO MEET GK'S JUSTIFIABLE DEMANDS FOR A FUNDAMENTAL SHIFT IN THE FARM POLICY IN THE COMING YEARS. THE SURPLUSES OF DAIRY UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 05565 02 OF 02 042001Z

PRODUCTS ARE NOT NEW AND HAVE ENGAGED THE RATHER HALF-HEARTED ATTENTION OF EC MINISTERS FOR NEARLY TEN YEARS. ....TOO LITTLE CONCRETE ACTION HAS BEEN TAKEN. THUS THERE IS A STRONG CASE FOR USING THE POWER WHICH THE UK HAS TO DELAY PRICE INCREASES AS A BARGAINING LEVER TO GET FASTER AND MORE RESOLUTE ACTION." TIMES SAYS THE GREEN POUND WIRDFALL PROFITS SHOULD BE USED TO PERSUADE EC PARTNERS THAT IT IS IN THEIR INTERESTS TO CARRY OUT A THOROUGH REFORM OF THE WORKINGS OF THE CAP. NEVERTHELESS. IT WARNS AGAINST TOO HEAVY-HANDED AN APPROACH AD WONDERS WHETHER CURRENT BRITISH STANCE DOES NOT MIRROR AN OVER-WILLINGNESS TO PLAY TO THE GALLERY OF ANTI-EC LABOUR MP'S.

9. ON THE WHOLE, HOWEVER. IT IS PROBABLY TRUE TO SAY THAT EXCEPT FOR THE FARMERS. MOST UK OPINION IS ON SILKIN'S SIDE. ONE REASON FOR THIS IS THAT COMMUNITY PACKAGE ON MANY SEPARATE AND DISPARATE ISSUES IS BOUND TO OFFEND SOMEBODY. FOR EXAMPLE, PROPOSED CONCESSION OR ISO-GLUCOSE WAS IMMEDIATELY DISMISSED AS WORTHLESS BY MANAGING DIRECTOR OF TUNNEL REFINERIES WHO SAID NEW PROPOSALS WERE LUST AS DAMAGING AS THOSE THEY REPLACED. EVEN PROPOSED LEVY OF 50 UA PER TON WOULD ADD 14 PERCENT TO CURRENT SELLING PRICE OF ISO-GLUCOSE MAKING ITS MANUFACTURE ECONOMICALLY IMPOSSIBLE. FARMERS THEMSELVES WHILE ANXIOUS FOR HIGHER ORICES BACK FULLY SILKIR'S STAND ON FUTURE OF MILK MARKETING BOARD.

SPIERS UNQTE SPIRES

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, AGRICULTURAL PROGRAMS, PRICES, MEETINGS, MEETING REPORTS, AGRICULTURAL PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 04-Apr-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977LONDON05565  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770187-0095, D770117-0275  
**Format:** TEL  
**From:** LONDON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770491/aaaadbtm.tel  
**Line Count:** 226  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** c43901ab-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 06-Jan-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2909375  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UK AGRICULTURE MINISTER REPORTS ON ABORTIVE OUTCOME OF MARCH 26-29 EC FARM PRICE MEETING FOLLOWING REPEATED FOR YOU R INFO  
**TAGS:** EAGR, UK, EC, US, EEC, (SILKIN, JOHN)  
**To:** STATE  
**Type:** TE  
**vdkgvkey:** odb://SAS/SAS.dbo.SAS\_Docs/c43901ab-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009